

RESOLUTION NO. 13-16

RESOLUTION OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK APPROVING, AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT TO A SHORT TERM FINANCING FOR THE BENEFIT OF THE CALIFORNIA STATE DEPARTMENT OF PUBLIC HEALTH

WHEREAS, the California Infrastructure and Economic Development Bank (the "I-Bank"), a public entity of the State of California (the "State"), duly organized and validly existing pursuant to the Bergeson-Peace Infrastructure and Economic Development Bank Act, as amended, constituting Division 1 (commencing with Section 63000) of Title 6.7 of the California Government Code (the "I-Bank Act") and the laws of the State; and

WHEREAS, the State has, pursuant to Section 116760.30 of the California Health and Safety Code, established a revolving loan fund (the "SDWSRF") to be administered by the California State Department of Public Health ("CDPH") in implementing the California Safe Drinking Water Act, Chapter 4 (commencing with Section 116270) of the California Health and Safety Code (the "Drinking Water Act"). The Drinking Water Act, among other things, enables the State to receive federal grants awarded by the United States Environmental Protection Agency for the financing of drinking water infrastructure projects; and

WHEREAS, pursuant to the I-Bank Act, in general, and, more specifically, pursuant to the provisions set forth in Government Code Sections 63048.55 through 63048.57, the I-Bank is authorized to loan funds to CDPH for deposit into the SDWSRF and the Drinking Water Act authorizes CDPH to use certain of the assets of the SDWSRF to enter into agreements with the I-Bank, and take other actions to repay amounts loaned by the I-Bank to CDPH for deposit into the SDWSRF; and

WHEREAS, the I-Bank proposes to enter into a short-term financing (the "Initial Financing") with CDPH whereby the I-Bank loans moneys to CDPH for the purpose of enabling CDPH to provide state match funds ("State Match Funds") that are required as a condition for the receipt of certain federal capitalization grants associated with the SDWSRF; and

WHEREAS, to secure the Initial Financing, CDPH proposes to grant the I-Bank a first lien on the CDPH account that holds interest payments received on the loans it makes under its SDWSRF program and on terms and conditions set forth in a master loan agreement (the "Master Loan Agreement"); and

WHEREAS, the I-Bank and CDPH wish to establish a process to enable CDPH, in the future, to request additional short term financings ("Future Financings") from the I-Bank and to have such Future Financings be subject to approval by the Board of Directors of the I-Bank (the "Board of Directors").

WHEREAS, final approval of the terms of the Initial Financing is now sought;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the California Infrastructure and Economic Development Bank as follows:

Section 1. The Board of Directors hereby finds that the above recitals are true and correct.

Section 2. The proposed Initial Financing is hereby approved with the following terms and conditions (i) the total amount of the Initial Financing may not exceed \$36,000,000, (ii) the interest rate charged by the I-Bank shall approximate, to the greatest extent possible, the return on investment rate, earned on the I-Bank funds used for the Financing, based on the information available as of the date of this resolution, and, in any event, may not be lower than 0.100%, (iii) the term of the Initial Financing may not exceed ten (10) calendar days, (iv) the Initial Financing must be secured by a first lien on CDPH funds in an amount not less than two (2) times the full repayment amount of the Initial Financing, (v) I-Bank funds may not be released to CDPH until the I-Bank receives written evidence of the approval of the Initial Financing by the United States Environmental Protection Agency, and (vi) the term of the Master Loan Agreement shall not exceed five (5) years.

Section 3. The Executive Director of the I-Bank (the "Executive Director") and her assignees, and each of them acting alone (the "Authorized Officers"), are hereby authorized and directed, for and on behalf and in the name of the I-Bank to execute the Master Loan Agreement and take actions necessary or desirable to effect the Initial Financing.

Section 4. All actions heretofore taken by the officers and agents of the I-Bank with respect to the approval and entry by the I-Bank into the Initial Financing are hereby approved, confirmed and ratified, and the Authorized Officers and their authorized assignees, designees, deputies and agents are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all instruments, certificates and documents that they or legal counsel for the I-Bank may deem necessary or desirable in order to consummate the Initial Financing, to effect the transactions contemplated by the Master Loan Agreement and to otherwise effectuate the purposes of this resolution.

Section 5. Any Future Financings proposed to be entered into with CDPH pursuant to the Master Loan Agreement shall be subject to the availability of uncommitted I-Bank Funds. Staff is to report back to the Board of Directors as to any Future Financings entered into.

Section 6. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED at a meeting of the Board of Directors of the California Infrastructure and Economic Development Bank on October 29, 2013, by the following vote.

AYES:

NAYS:

ABSENT:

ABSTAIN:

By: 
Teveia R. Barnes, Executive Director

Attest:

By:



Ruben Rojas,
Secretary of the Board of Directors